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April 26, 2001

APPLICATION

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Honorable Philip N. Asprodites
Commissioner of Conservation
P.O., Box 94275
Baton Rouge, LA 70804-9275

RE: II Sand, Reservoir B
MM Zone, Reservoir A
MM Zone, Reservoir B
South Chauvin Field
Terrebonne Parish, Louisiana

Dear Commissioner Asprodites:

Application is hereby made on behalf of **DENBURY RESOURCES, INC.** for the calling of a public hearing, after legal notice, to consider evidence relative to the issuance of Orders pertaining to the following matters related to the II Sand, Reservoir B, MM Zone, Reservoir A and MM Zone, Reservoir B, all in the South Chauvin Field, Terrebonne Parish, Louisiana, to-wit:

1. To establish rules and regulations and create a single drilling and production unit for the exploration for and production of gas and condensate, from each of the above referenced sands and reservoirs;
2. To force pool and integrate all separately owned tracts, mineral leases and other property interests within the proposed units, with each tract sharing in unit production on a surface acreage basis of participation;
3. To designate a unit well for each of the proposed units;

4. To designate Denbury Resources, Inc. as the unit operator for each of the proposed units;
5. To provide that any future wells drilled to each of the referenced reservoirs should be located in accordance with the spacing provisions of Statewide Order No. 29-E;
6. To provide that the Commissioner of Conservation should be authorized to reclassify each of the referenced reservoirs, by supplemental order without the necessity of a public hearing if the producing characteristics of the reservoir change and evidence to justify such reclassification is submitted to and accepted by the Commissioner of Conservation; and
7. To consider such other matters as may be appropriate and justified by the evidence presented at the hearing.

The II Sand in the South Chauvin Field, Terrebonne Parish, Louisiana was previously defined by Order No. 547-G-1.

The MM Zone in the South Chauvin Field, Terrebonne Parish, Louisiana, is hereby defined as that gas and condensate bearing sand encountered between the depths of 15,070 feet and 15,780 feet M.D. electric log measurements in the Placid - LaTerre No. 2-D Well, located in Section 66, Township 18 South, Range 18 East, Terrebonne Parish, Louisiana.

A conference to discuss the proposed application and any opposition thereto was held at 10:00 a.m. on Wednesday, April 18, 2001, at The Onebane Firm, 102 Versailles Blvd., Suite 600, Lafayette, Louisiana 70502, (337) 237-2660. A list of the parties who attended the pre-application conference is attached. Randall C. Songy, attorney for the applicant, opened the conference with a brief discussion of the Rules of Procedures. Holmes Smart, geological consultant for the applicant, explained the applicant's proposal and the geological, engineering and other bases therefor, and answered questions. Castex Energy, Inc. and Landowners Interests, Inc. expressed opposition to the applicant's proposed units for the MM Zone. The conference was then adjourned.

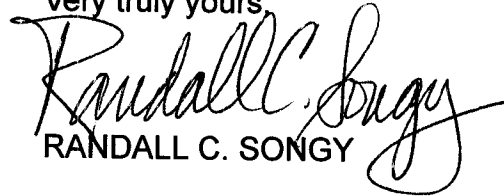
Subsequent to the conference, the applicant revised its proposals for the MM Zone by changing the definition of the MM Zone to that indicated hereinabove, and by changing the unit configuration for the MM Zone, Reservoir B, to that indicated on the attached plat. A conference to discuss these revisions will be held if requested by an Interested Owner within ten (10) days of the date of this Application.

Pertinent data relating to the proposed application can be obtained, AT THE COST OF THE REQUESTING PARTY, by contacting Frank W. Harrison, Jr., 200 Audubon Blvd, Lafayette, LA (337) 232-4031.

There is attached hereto and made a part hereof plats outlining the proposed units and a list of the names and addresses of the interested parties to whom this unitization proposal is being sent. Pursuant to the Revised Rules of Procedure, such list of parties is being furnished ONLY to the Commissioner of Conservation and to the District Manager of the Lafayette District of the Office of Conservation. However, the list of parties will be provided to any party requesting a copy of it. A reasonable effort was made to ascertain the names and addresses of all Interested Owners, Represented Parties and Interested Parties.

Finally, enclosed herein is our check in the amount of \$2100.00 made payable to the Office of Conservation in payment of the required hearing application fee.

Very truly yours,


RANDALL C. SONGY

RCS/dde/bad

Enclosures

cc: Mr. Richard Hudson, District Manager
Office of Conservation

All Interested Owners, Interested Parties
and Represented Parties

P.S. To all Interested Owners, Represented Parties and Interested Parties:

You may have received this Application even though your property is not included in one of the proposed units, because the Revised Rules of Procedure require us to attempt to also notify everyone owning an interest in the area "proximate to" the proposed units. In some cases, the area proximate to proposed units can extend as far as one-half mile outside the unit boundary.

Your receipt of this Application does not require you to take any action. It is meant to notify you of these proceedings so that you have the opportunity to participate if you so desire.

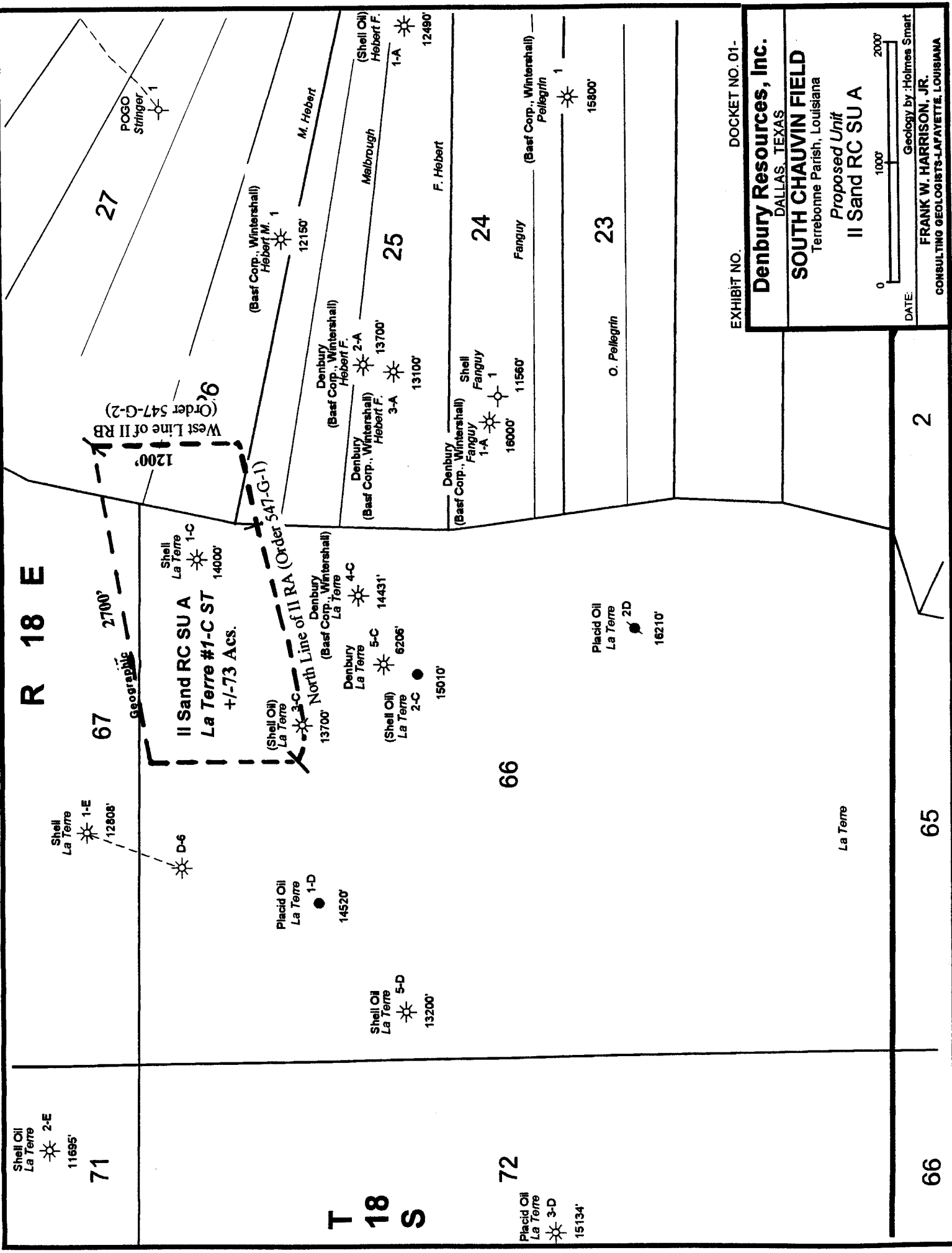


EXHIBIT NO. DOCKET NO. 01-

Denbury Resources, Inc.
DALLAS, TEXAS

SOUTH CHAUVIN FIELD
Terrebonne Parish, Louisiana

Proposed Unit
II Sand RC SU A

DATE: _____
Geology by: Holmes Smart

FRANK W. HARRISON, JR.
CONSULTING GEOLOGISTS-LAFAYETTE, LOUISIANA

ALP DIGITAL DRAFTING & DESIGN (337) 237-0568

R 18 E

Shell Oil
La Terre
2-E
11695'

71

67

3050'

27

MM Zone RA SU A
La Terre #1-C ST
14000'

+/- 126 Acs.

Shell
La Terre
1-E
12808'

D-6

Placid Oil
La Terre
1-D
14520'

Shell Oil
La Terre
5-D
13200'

Denbury
La Terre
3-C
13700'

Denbury
La Terre
4-C
14431'

Denbury
La Terre
5-C
6206'

Denbury
La Terre
2-C
15010'

66

72

Placid Oil
La Terre
3-D
15134'

Placid Oil
La Terre
2-D
16210'

26

25

24

23

22

21

2

65

66

(Bast Corp., Wintershall)
Hebert M. 1

M. Hebert

Denbury
(Bast Corp., Wintershall)
Hebert F. 2-A

Denbury
(Bast Corp., Wintershall)
Hebert F. 3-A

Malbrough

(Shell Oil)
Hebert F. 1-A

F. Hebert

Denbury
(Bast Corp., Wintershall)
Fanguy 1-A

Shell
Fanguy 1

Fanguy

(Bast Corp., Wintershall)
Pellegri

15800'

O. Pellegri

EXHIBIT NO.

DOCKET NO. 01-

Denbury Resources, Inc.
DALLAS, TEXAS

SOUTH CHAUVIN FIELD
Terrebonne Parish, Louisiana

Proposed Unit
MM Zone RA SU A

0 1000' 2000'

DATE:

Geology by Holmes Smart

FRANK W. HARRISON, JR.

CONSULTING GEOLOGISTS-LAPAYETTE, LOUISIANA

ALP DIGITAL DRAFTING & DESIGN (337)-237-0568

